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C O N F I D E N T I A L SECTION 01 OF 03 TEL AVIV 000238

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SUBJECT: RAMIFICATIONS OF WINOGRAD FINAL REPORT

REF: A. 07 TEL AVIV 803

_B. 07 TEL AVIV 1257

Classified By: Political Counselor Marc J. Sievers. Reason 1.4 (B/D).

(C) Summary: Anticipation of the January 30 rollout of the final report of the Winograd Committee has generated renewed calls for Olmert's resignation from predictable quarters (the opposition, the extreme left and the extreme right), and from some bereaved families and reservists. PM Ehud Olmert has signaled he has no intention of resigning, and at this point he faces no serious rebellion within the Kadima Party. His public relations strategy in the ramp up to the report's release has been to stress that: Israel's deterrent capability has improved, Israel achieved diplomatic gains in UNSCR 1701 by embarking on a final offensive, Israel today is more secure and prosperous due to his sound decisions since the war, and negotiations with the Palestinians will go forward under his leadership. Ehud Barak, for his part, must now decide whether to uphold his campaign pledge to call for early elections or stay with Olmert. Barak can try to force Olmert's hand by threatening to leave the coalition if Olmert does not resign, but Olmert will not acquiesce to a coalition deal that would allow another Kadima leader, such as Tzipi Livni, to become prime minister. Under these high stakes, Barak risks alienating his own party, whose electorate and ministers do not want to leave the coalition and do not want the Labor Party's defection to cause the Annapolis process to stop. Fear of providing an opportunity for Opposition Leader Netanyahu to return to power in early elections remains the strongest glue holding Olmert's coalition together, and, in our view, will likely prevent the Winograd report from becoming the proximate cause of the coalition's collapse. Communications between U.S. and Israeli leaders and diplomats during the war will likely come under close examination in the Winograd report, particularly the UN ceasefire negotiations in New York that coincided with the launching of a major ground offensive in the final days of the Second Lebanon War. End Summary.

THE REPORT - REDUX

12. (C) The five-member Winograd Committee formed to look into the conduct of the Second Lebanon War of 2006 will release the final part of its report at 1800L on Wednesday, January 30, at a special press conference at the Jerusalem International Convention Center -- even if snow falls on Jerusalem, as is expected. The Prime Minister and Defense Minister will receive copies of the report an hour beforehand, including a classified annex. Judge Eliahu Winograd is expected to present an executive summary of the main, unclassified findings at the conference. No conclusions or recommendations focused on individuals are anticipated, as the Committee did not send "cautionary letters" to individuals in advance, as is the Israeli norm.

Rather, the report is expected to include only systemic conclusions and recommendations, to the consternation of NGO's such as the Movement of Quality and Government, which had demanded the names of individuals the Committee believed responsible for failures, and protest organizations calling for PM Olmert "to go home."

 $\P3$. (C) In particular, the final Winograd report is expected to focus on the period leading up to the August 12 ceasefire agreement, and may also survey the period since Israel's 2000 withdrawal from southern Lebanon. Last spring, the Committee publicly stated that the final report would address the following issues: all aspects of the fighting (including IDF preparedness); the political leadership's decisions during the campaign (including those related to the conditions for a cease-fire and heavy fighting that occurred for two days following the adoption of UNSCR 1701); the relationship between the political and military leaderships regarding the use of force; the general ethos of Israeli society; and, finally, the handling of the home front (see reftels). Influential Israeli journalist Nahum Barnea wrote on January 25 in Yediot Ahronot an in-depth analysis of the issue that has generated the most ardent protest: the final ground offensive. After reviewing Winograd Committee notes, diplomatic correspondence, and other written accounts of the UN cease-fire negotiations, Barnea concluded that "the fact is that these parties (Lebanon and France) displayed a flexibility on Friday (August 11 -- the day that a ceasefire was agreed and a ground offensive launched) that they had not displayed a day earlier. (Former USUN Ambassador) Bolton today says that in the course of Friday nothing major changed. Anyone looking for historical irony will find it here: according to the minutes, the things that Bolton told Gillerman on Friday in New York had enormous influence on the

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decision-makers in Israel, headed by Olmert. Bolton had cooked up a ground operation for Israel, and now he refuses to eat it."

PREPARING FOR THE FALLOUT AT HERZLIYA

- $\P4$. (C) At the annual Herzliya Conference, PM Olmert argued that the Second Lebanon War improved Israel's security by strengthening the state's deterrence: "The unarguable fact is that the Hizbullah is not deployed along Israel's border in the North; its fighters do not come into contact with our soldiers, and not one Hizbullah missile or rocket has been fired towards Israel for a year-and-a-half." He acknowledged mistakes, but made no apologies and indicated that he had "no intention of letting go" in response to the "insatiable political lust" of unnamed opponents. In an apparent effort to project "business as usual," PM Olmert plans to convene his security cabinet January 30 to discuss the security concept paper of former Minister Dan Meridor, who criticized Olmert's leadership and decision-making at the Herzliya conference. The coalition also plans to introduce legislation this week to bolster the National Security Council, in conformity with a recommendation in the interim Winograd report. He has also empowered the Ministry of Foreign Affairs in national security decision-making, and given the MFA's INR equivalent access to raw intelligence. On the political front, Olmert is busy bucking up his faction allies in the Knesset, and warning others that he will not accede to calls from the opposition or within his coalition (i.e., Labor) for early elections.
- 15. (C) Opposition leader Netanyahu is taking advantage of the upcoming Winograd report and the renewed calls for Olmert's resignation to stress the need for early elections, which polling suggests Netanyahu and the Likud Party would win. At the Herzliya Conference, he made a statement outlining his vision for leading Israel again -- making just one oblique comment on the Winograd issue by critiquing

Barak's handling of Israeli withdrawal from southern Lebanon in 2000 (rather than Olmert's handling of the 2006 war, which Netanyahu publicly supported at the time). Likud MK Yuval Steinitz told poloff January 28 that the Likud Party anticipates that the coalition will fall as a result of Winograd, but it will take one-two months: "What's in the Winograd report is already known; it's the tone that will create the impact." Meanwhile, Likud faction chair MK Gideon Sa'ar called for a Knesset debate on the Winograd report; this will likely occur the week of February 3.

THE PROTEST: RENEWED CALLS FOR OLMERT'S RESIGNATION

- 16. (C) Olmert's most vocal opponents are clustered primarily on the far left and far right. The Meretz faction whip, MK Zehava Gal-On, who succeeded in requiring the public release of Winograd testimonies (but the Committee has only partially complied with High Court directives in this regard), drafted an alternative report calling for Olmert's resignation, while MK Arieh Eldad of the National Union/National Religious Party faction presented Olmert with another report on the war's alleged mismanagement prepared by some of the bereaved families of soldiers who died in the war. In that report, the families blame Olmert for the deaths of their sons and fault him for conducting a "spin event" rather than a comprehensive ground operation against Hizballah.
- 17. (C) Pundits remain riveted by the letter signed by 50 reservists who fought in Lebanon calling for the PM to resign. FM Livni felt compelled to meet with both the bereaved parents and the aggrieved reservists, but made a point of excluding Major General (res.) Uzi Dayan, who has been accused of mobilizing and manipulating these cohorts for the benefit of his political party, Tafnit. Livni's advisor, Tal Becker, who attended these meetings, told PolCouns that he had been shaken by the intensity of these mainstream Israelis' hostility to Olmert. In response to the jolt created by the reservists' political stance, another group of 85 reservists responded by writing to Olmert and Barak urging them to keep the IDF out of the political arena. Dayan is planning a protest in Tel Aviv on February 2, but political observers doubt that public anger will be on par with the mass demonstrations in Tel Aviv last spring following the release of the Winograd Committee's interim report.

THE MILITARY: PREPARED, BUT HAVE LESSONS BEEN LEARNED?

 $\P 8.$ (C) Pundits predict that the final report will deal TEL AVIV 00000238 003 OF 003

another blow to the reputation of the former Chief of Staff, Dan Halutz, for his role in prosecuting the war with an excessive dependence on air power. The IDF and MOD are gearing up to react to the report, and will emphasize how much the IDF has been reformed in the aftermath of the war under the leadership of IDF Chief of General Staff Gaby Ashkenazi and MOD Ehud Barak. On the 30-31st of January, the IDF general staff will be conducting a lessons-learned conference, and the MOD has groomed a coterie of retired general officers to brief the press on how prepared the IDF now is to face new threats. While the IDF and the political echelon basked in the apparent strategic success of a secret strike against purported nuclear facilities in Syria in September, they (and Barak, particularly) are now roundly criticized in the press for taking actions (closing border crossings) that have given Hamas an opportunity to break through Gaza's border with Egypt.

THE RAMIFICATIONS

19. (C) Olmert's popularity has climbed gradually since its nadir following the interim Winograd report in April 2007, and he has demonstrated his skills at political survival through cabinet reshuffles to satisfy his political allies and rivals, on the one hand, and deciding to embark on the Annapolis negotiations with the Palestinians on the other. Olmert's political future, however, is now in the hands of his Defense Minister, Ehud Barak, who nine months ago made a campaign pledge to seek Olmert's resignation or call for early elections once the Winograd report was released. Protest movement representatives and some Labor Party members have demanded that Barak fulfill his promise, but Barak has only committed to respond in a measured way to the upcoming report: "I will decide what to do according to what is best for the State of Israel." At the Herzliya conference, Barak made warm remarks about his regard for Olmert, which led many pundits to speculate that he will not reiterate his call on Olmert to step down.

110. (C) All the Labor ministers in Olmert's government are urging Barak not to pull Labor out of the coalition, with only a handful of politicians, such as MK Ofir Pines-Paz, demanding immediate departure. A Meretz MK who is close to Barak told poloff on January 29 that it would be "political suicide" for Barak to call for early elections now, as it would undoubtedly lead to Netanyahu's election. Many believe the country can ill afford what Labor MK Efraim Sneh described to poloff on January 28 as continued "self-flagellation." The Labor Party must continue to be an active partner for peace with the Palestinians, in the view of Sneh. MK Nadia Hilou told the Ambassador that this was particularly important now that Yisrael Beiteinu has quit the coalition. Finally, the Labor Party is deeply in the red (some 150 million NIS) and cannot afford early elections unless and until Labor has better prospects to increase seats in the Knesset.

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